

SCIENTEX BERHAD

(Company No.: 7867-P)

Corporate Presentation FY16 Corporate Update & Financial Results 26 September 2016

IR Adviser





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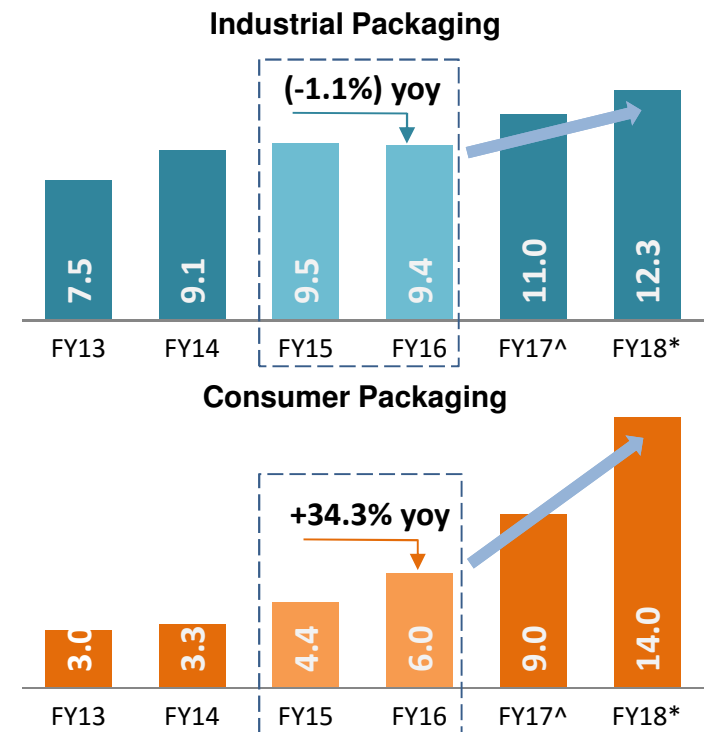


OPERATIONS REVIEW & GROWTH PLANS

Manufacturing sales tonnage set to rise substantially in FY2017 as newly expanded capacities start being utilised...

Industrial Packaging		Consumer Packaging	
Stretch Film	Prod. Output: 120,000 MT p.a. Location: Pulau Indah	PE Film	Prod. Output: 60,000 MT p.a. Location: Rawang & Ipoh
PP Strapping Band	Prod. Output: 18,000 MT p.a. Location: Melaka	Products:	<ul style="list-style-type: none"> • Base film • Functional films
Raffia	Prod. Output: 10,000 MT p.a. Location: Vietnam	BOPP Film	Prod. Output: 60,000 MT p.a. Location: Rawang & Pulau Indah
		CPP Film	Prod. Output: 12,000 MT p.a. Location: Melaka
		Adhesive	Output: 6,000 MT p.a. Location: Shah Alam & Indonesia

Average monthly sales tonnage (MT '000)



[^]Internal estimates

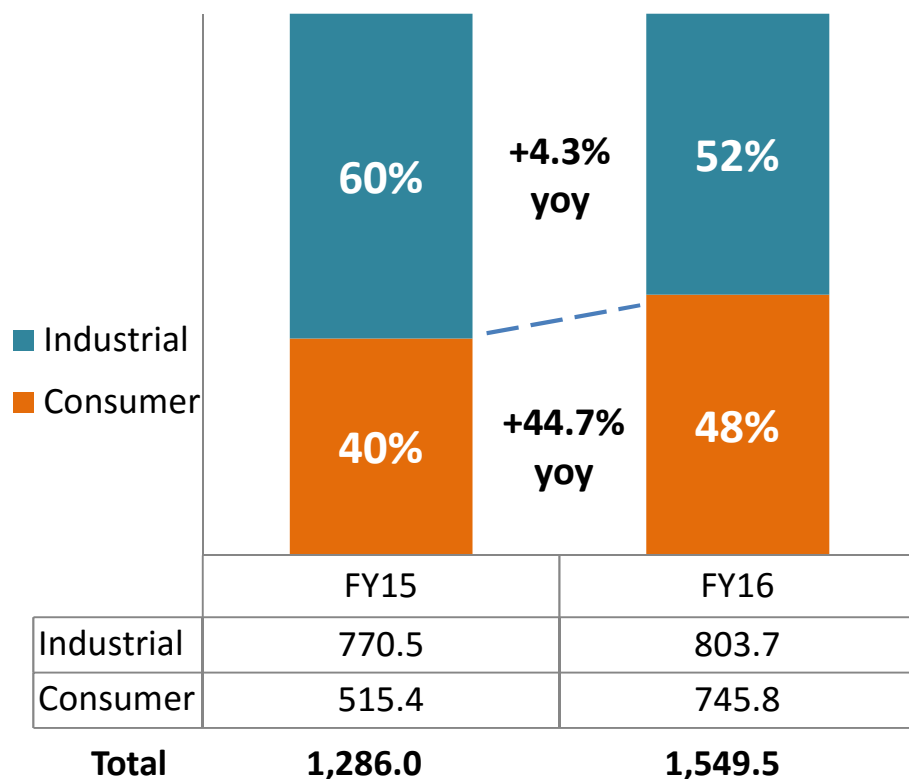
*Estimation based on full output

Total average monthly sales tonnage	10.5	12.4	13.9	15.4	20.0	26.3
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Operations Review: Manufacturing

Consumer packaging now contributing almost 50% of Group manufacturing revenue...

Segment Revenue (RM 'mil)



4Q16 manufacturing revenue rose 16.5% yoy to RM372.7 mil

Industrial Packaging

- 4Q16 revenue dipped 1.4% yoy to RM185.2 mil (4Q15: RM187.9 mil) in line with lower plastic resin prices

Consumer Packaging

- 4Q16 revenue rose 42.0% yoy to RM187.6 mil (4Q15: RM132.0 mil), on new contribution of RM40.2 mil from SGW Ipoh and larger orders from existing business
- Minimal contribution from CPP production as plant just commenced in January 2016
- Exports made up 55.5% of consumer packaging revenue (4Q15: 47.2%)

Consumer packaging expansions to fully complete in 2017...

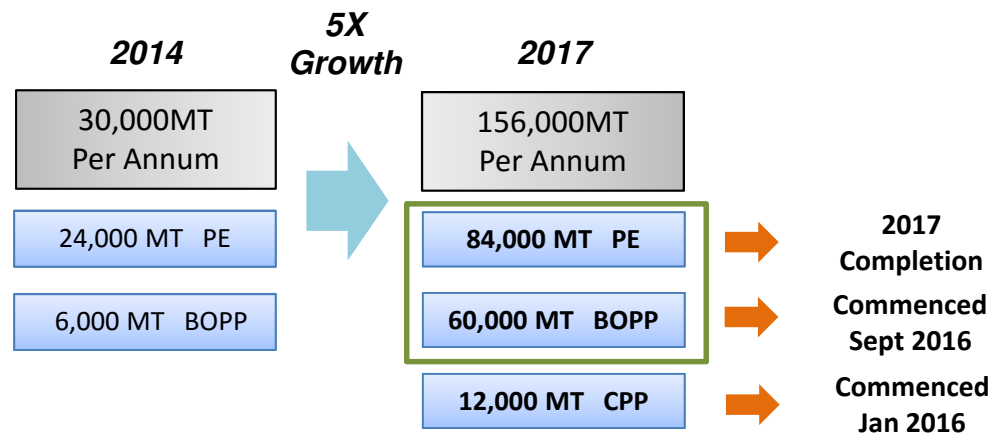
Consumer packaging expansion plan



New CPP production line in Melaka



New BOPP plant in Pulau Indah



Existing expansion plans progressing smoothly

CPP

Commercial run commenced in January 2016 and currently conducting trial runs with potential customers; target to fill up capacity in 2017

BOPP

Commercial run commenced in September 2016; currently undergoing trial runs with potential customers

PE

Overall production output to increase from 60,000 MT p.a. to 84,000 MT p.a. in 2017

➤ Rawang plant

- CAPEX of RM21 mil; to increase production output by 25% to 60,000 MT p.a.

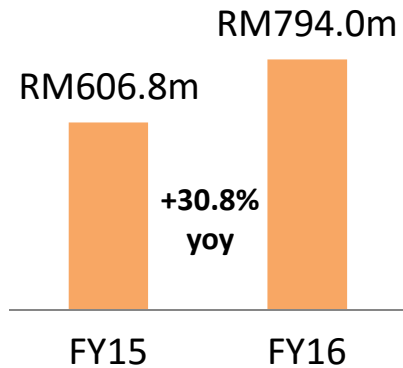
➤ SGW Ipoh

- CAPEX of RM50 mil; to increase production output to 24,000 MT p.a.

Growth Plans: Manufacturing

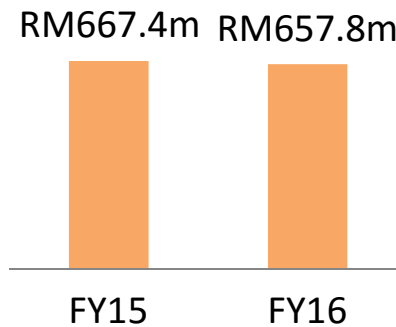
New launches and sales performance remain strong despite weaker property market... seeing resilient demand from affordable segment

New Sales



attributed to resilient demand for affordably priced homes

New Launches



new launches maintained

New launch at Pulai, Johor

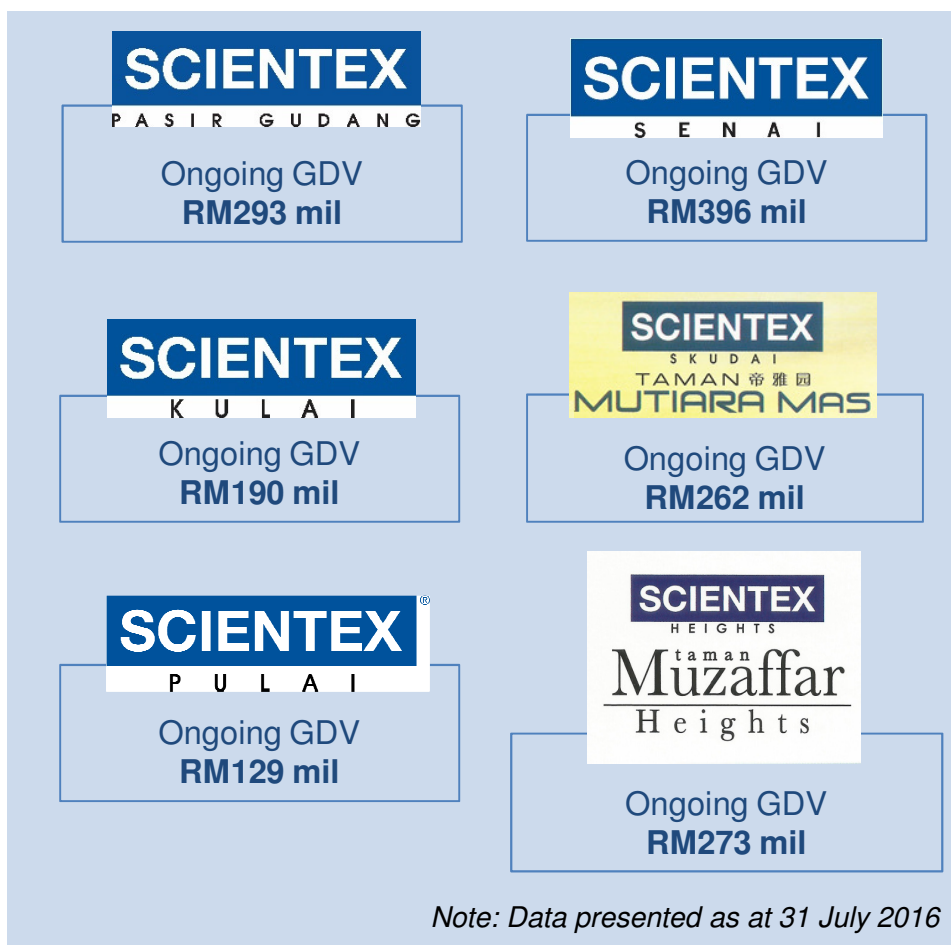


Acacia – 2½-storey terrace houses



Aster – 2-storey terrace houses

Property unbilled sales of RM717.2 mil to be recognized over the next 2-3 years...



- ❑ FY16 property revenue rose 26.3% to RM651.2 mil (FY15: RM515.7 mil), on higher revenue recognition across all ongoing projects
 - 4Q16 property development revenue rose 42.1% yoy to RM188.4 mil (4Q15: RM132.6 mil)
- ❑ Launched 12 new projects worth RM657.8 mil GDV in FY16
 - Comprising mainly affordable residential properties
 - 4Q16 launches amounted to RM256.3 mil
 - Includes launch at newly acquired Pulai land worth RM128.8 mil comprising 341 units of 2-storey and 2½-storey terrace houses
- ❑ Unbilled sales amounted to RM717.2 mil as at 31 Jul 2016 to be recognized over the next 2 to 3 years (31 Jul 2015: RM584.9 mil)



FY16 FINANCIAL REVIEW

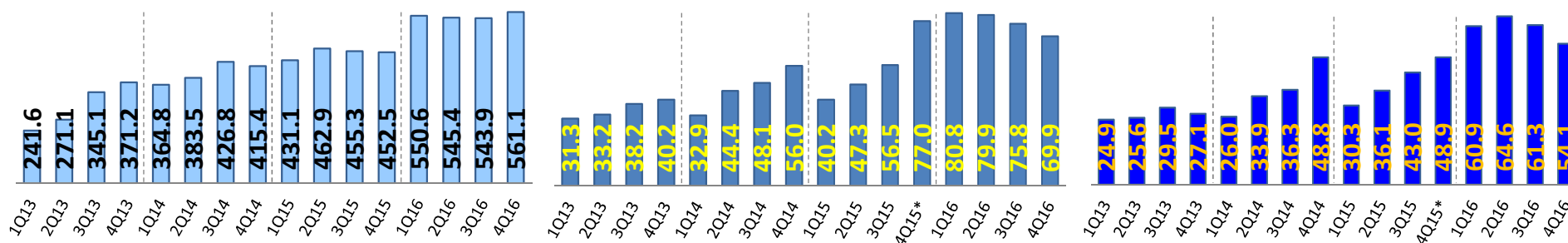
Successfully doubled up top and bottomline in 3 years from 2014...

4Q16	4Q15	Change	RM'mil	FY16	FY15	Change	Remarks
561.1	452.5	24.0%	Revenue	2,201.0	1,801.7	22.2%	Manufacturing and property segments reporting double-digit growth
88.2	88.5	(0.3%)	EBITDA	367.1	268.8	36.6%	Saw stronger profitability as enlarged manufacturing operations benefitted from operating leverage, better product mix, and more export sales
15.7%	19.6%	(3.9 pt)	EBITDA margin	16.7%	14.9%	1.8 pt	
69.9	77.0	(9.2%)	PBT	306.3	221.0	38.6%	
12.5%	17.0%	(4.5 pt)	PBT margin	13.9%	12.3%	1.6 pt	
54.1	48.9	10.7%	PATMI	240.9	158.2	52.3%	Record high net profit from best-ever revenue and reinvestment allowance benefits
9.6%	10.8%	(1.2 pt)	Net margin	10.9%	8.8%	2.1 pt	
23.54	21.66	8.7%	Basic EPS (sen)	105.88	70.43	50.3%	

Quarterly Revenue (RM 'mil)

Quarterly PBT (RM 'mil)

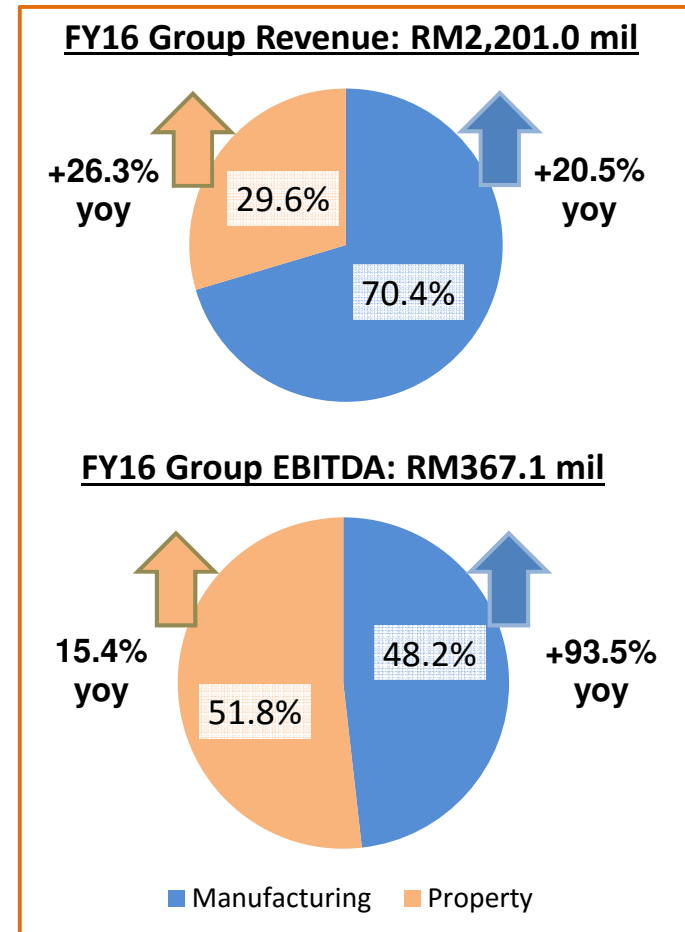
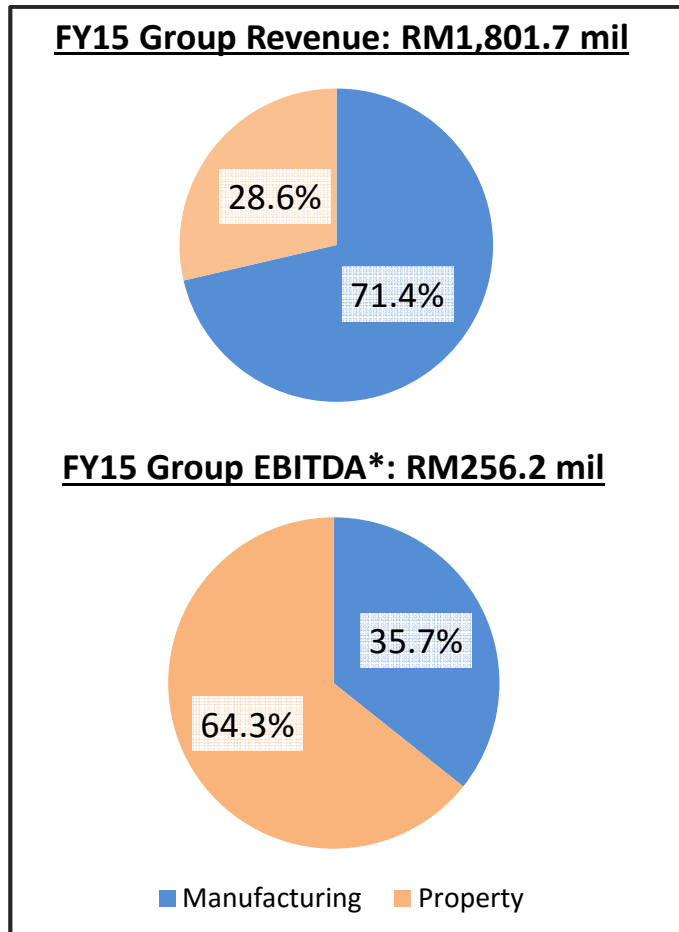
Quarterly PATMI (RM 'mil)



*4Q15 and FY15 PBT and PATMI includes RM12.6 million fair value gain on investment properties

FY16 Income Statement Summary

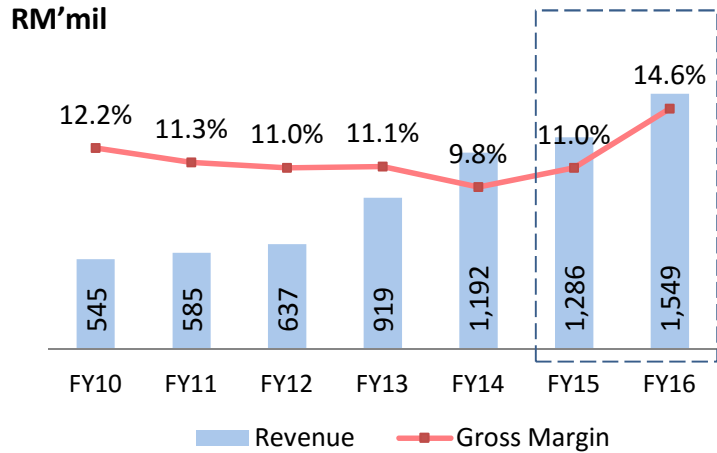
Manufacturing division makes up more than 50% of Group EBITDA...



*Excluding RM12.6 million fair value gain on investment properties

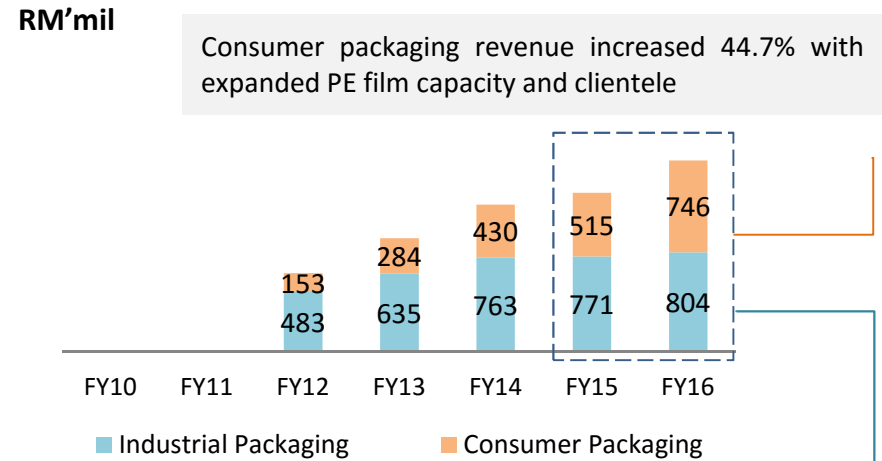
Revenue & EBITDA Segmentation

Manufacturing Revenue & Gross Margin



FY16 manufacturing revenue grew 20.5%, largely driven by consumer packaging; gross margins improved on better efficiency, favourable product mix, and higher export sales

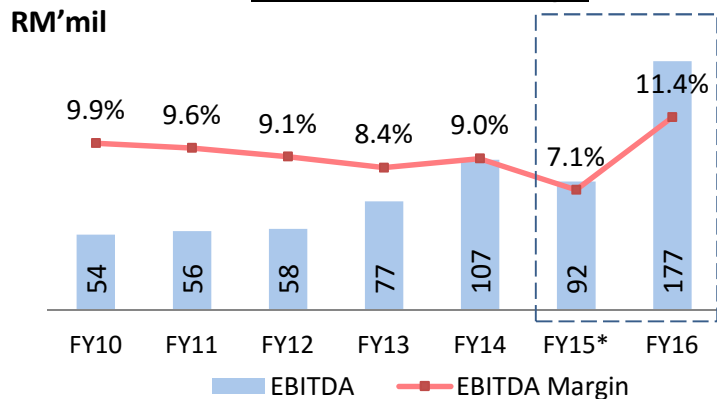
Manufacturing Revenue (by Segment)



Consumer packaging revenue increased 44.7% with expanded PE film capacity and clientele

Industrial packaging revenue increased 4.3% yoy due to higher ASP on stronger USD/MYR

EBITDA & EBITDA Margin

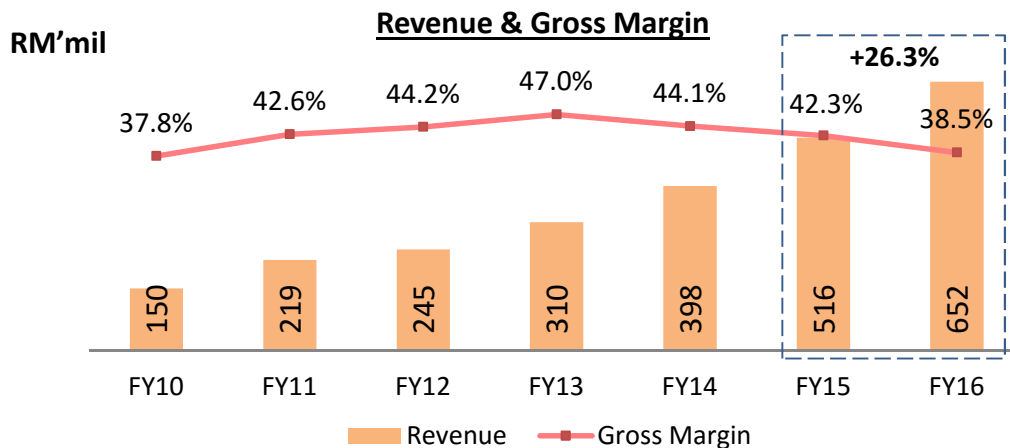


FY16 EBITDA grew 93.5% in line with higher topline and better product mix

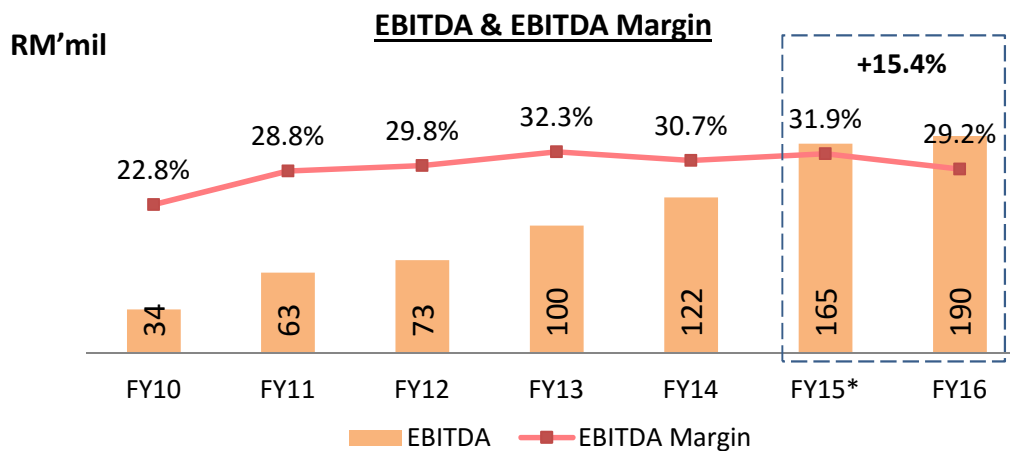
*Includes RM27.2 mil foreign exchange translation differences

Financial Review: Manufacturing

Property division thriving on sturdy demand for affordable homes in Johor...



Seeing higher progress billings and favourable demand for new launches in Pasir Gudang, Kulai, Skudai, Senai, and Melaka



Higher profits consistent with revenue growth; EBITDA margins maintained in the 28%-30% range on affordable-skewed product mix

*Excluding RM12.6 million fair value gain from investment properties

Financial Review: Property Development

Net gearing increased in line with capacity expansions and land acquisition... set to reduce in near term due to strong operational cashflow

Balance Sheet (RM '000)	As at 31.7.2016	As at 31.7.2015	Remarks
Property, Plant & Equipment	952,519	642,791	In line with consumer packaging expansion
Investment Property & Other Investments	24,967	24,082	
Land Held & Property Development Costs	621,752	405,115	Due to acquisition of land in Pulai, Johor
Investment in Jointly Controlled Entity & Associated Company	48,666	41,524	
Inventories	137,010	111,953	In line with enlarged operations
Trade & Other Receivables	350,675	321,698	In line with increase in revenue
Cash & Bank Balances	100,601	90,626	
Deferred Tax Assets & Tax Recoverable	4,506	2,086	Due to reinvestment allowance from SGW Ipoh
Intangible Assets	12,134	-	Due to acquisition of SGW Ipoh
TOTAL ASSETS	2,252,830	1,639,875	
Trade & Other Payables	458,846	328,586	In line with enlarged operations
Borrowings (ST + LT)	471,608	225,431	To fund working capital requirements, machinery purchases for consumer packaging expansion, and landbanking
Tax & Deferred Tax	56,932	62,588	
Shareholders' Equity	1,175,167	941,978	Due to higher retained earnings
Minority Interest	66,495	62,784	
Net Tangible Assets / Share (RM) ¹	5.11	4.17	
Net Gearing	0.32x	0.14x	In line with higher borrowings to fund working capital requirements, machinery purchases, and landbanking

¹ Based on share capital of 230.0 mil shares

Balance Sheet (Highlights)



INVESTMENT MERITS

A high-growth proposition all-round... attractive proxy to the burgeoning packaging sector and Southern Malaysia's affordable property market

SCIENTEX BERHAD

MANUFACTURING

- One of the world's largest stretch film producers
- Consumer packaging segment facilitates entry into burgeoning F&B and FMCG sectors
- Further integration and expansion initiatives position Group to cater to larger regional clientele and enhance competitiveness

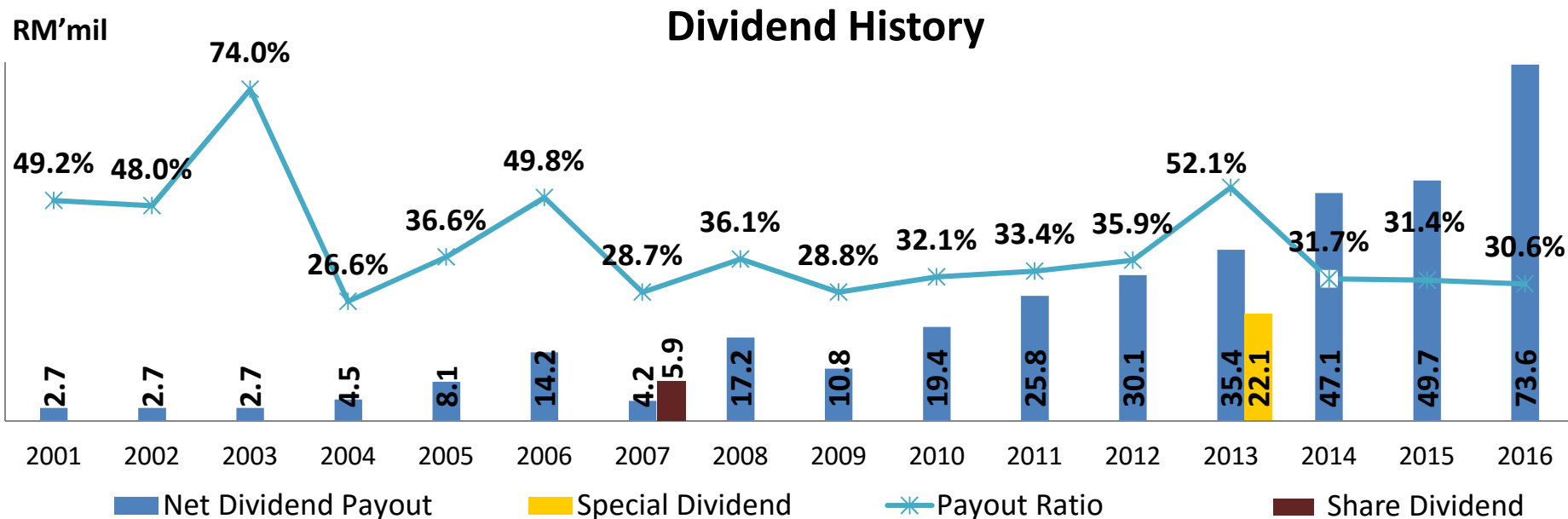
PROPERTY DEVELOPMENT

- Reputable developer in the southern states of Johor and Melaka
- Current projects of RM1.5 bil
- Pipeline GDV of RM5.7 bil on existing landbank to sustain another 10 years
- Future projects displaying higher GDV/acre

- Strong fundamentals with **strong upside to profit and margin expansion**
- **Dividend policy of minimum 30% payout**
 - 30.6% dividend payout in FY2016
- **Valuations to be compressed** with foreseeable earnings boost
- Trading at trailing 12-month PE of 11.8x and EV/EBITDA of 8.9x (as at 20 September 2016)

Investment Merits

Group has dividend policy of minimum 30% net profit payout...



FY2015 Dividends (Total Dividend of 11* sen) :

- Paid interim dividend of 4.5* sen per share on 7 August 2015
- Paid final dividend of 6.5* sen per share on 25 January 2016

FY2016 Dividend (Total Dividend of 16 sen):

- Paid interim dividend of 6* sen per share on 5 August 2016
- Proposed final dividend of 10 sen per share on 26 September 2016 subject to shareholders approval (Ex-date: 30 December 2016; Payment date: 13 January 2017)

Dividend Policy:
Minimum 30% of Net Profit
 (effective FY2011)

**adjusted based on 460,000,000 ordinary shares of RM0.50 each after 1:1 bonus issue completed on 15 August 2016*

Dividend History



Thank You

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